

STATE OF THE CITY
November 14, 2006

Good evening. I am Jeanne Zeidler. It is my pleasure to welcome you here this evening. I am joined by my colleagues, the members of the Williamsburg City Council, by the City Manager, a number of city staff members, and many members of the City's boards and commissions. We are all very pleased to have such a remarkable turnout to this first ever event designed to report to the community the State of the City.

Tonight's event culminates months of information gathering, wide-ranging discussions, public hearings, council deliberations, and city government goals setting that began when the new city council was seated in early July of this year. It is our hope that this will be another opportunity to communicate accomplishments, as well as describe challenges, and that it will be an opportunity to articulate major initiatives for the coming year and strategic directions for the years beyond that.

The City of Williamsburg is a very special and very distinctive place. It is small, with a population of about 13,400 and unique in that many counted in this number are students at the College of William and Mary. Our land area is also small, only 9 square miles. It is about 3% of the land area of the three localities that we call the Historic Triangle. The City is virtually prohibited by state law from expanding our land base through annexation. Yet, our land use is also unique with 23 % of it used by the two world renowned institutions that we are proud to have in the City, The College of William and Mary and the Colonial Williamsburg Foundation. Another 17% is residential. It will probably surprise many people to

learn that 11% is park space, 21% is environmental areas such a water and wetlands, and only 6 % is existing commercial area.

This City is an employment center, thanks in a large part to the fact that two of the region's largest employers, Colonial Williamsburg and the College of William and Mary, are located here. As an employment center the City's population increases substantially each day as people from other localities travel in to work. But Williamsburg is also unique in that it is a place where an unusually high percentage of people enjoy the opportunity to walk to work: a higher percentage, in fact, than in any other community in Hampton Roads. In so doing these walkers underscore the strong basis of one of our community's values, a place that is pedestrian friendly and promotes transportation alternatives to automobiles.

Williamsburg is also a long-standing, very successful travel destination, with tremendous appeal for those interested in history, museums and education, but also exceptional shopping, and excellent dining. The beauty and ambiance of the city, and increasingly the arts, attract visitors from near and far. Williamsburg has a name that is so recognizable and so associated with quality that it sometimes seems that everyone wants to borrow it. I feel fortunate to live here. By all these measures, and more, I am pleased to report that the State of the City is good.

Financially, the City remains strong. Here are the unpublished numbers that we received just last week from the auditors who are completing the City's Comprehensive Audit of the Financial Records for Fiscal Year '06: Williamsburg realized \$30.4 million in General Fund operating revenues; the city spent \$28.7 million for public services. At the end of the fiscal year, there was \$18

million in the fund balance for operating reserves and future capital needs. We have \$13.8 million in outstanding debt principal.

While these numbers reveal that the City of Williamsburg's financial condition is sound, we also recognize that there are some challenges ahead.

The City has been losing market share to rapidly expanding James City County and York County. Although we continue to enjoy the highest per capita retail sales by resident in Virginia (\$27,130), from 1990 to 2004 the number of businesses in Williamsburg grew just 9% compared to 71% in James City County and 49% in York County. This follows the rapid population growth in the two counties over the same period: 61.9% increase in James City County, and 46.3% increase in York County, while the City's population grew 17.5%.

Additionally, and perhaps more troubling, we have seen job loss in recent years. According to the 2000 Census, the City had 1.9 jobs per resident, by 2003, with job reductions in the hospitality industry that number declined to 1.4 per resident in 2003 and has further slipped with the move of Sentara Williamsburg Hospital to York County.

While we have been fortunate to maintain one of the lowest tax rates in Virginia, property tax revenues are up due to new construction and reassessment. This increase is making up for several years of nearly stagnate room, meal, and sales taxes. Essentially we are seeing a shifting of the balance in our tax revenue structure from an unusually high dependence upon tourism generated dollars through room, meal and sales taxes to the structure more common in other cities, a greater dependence on property tax. When the residential reassessments level off as

they will, without an increase in the business based taxes, the City could find it self in a difficult situation.

Consequently, the City Council has increased its focus on economic development to increase opportunity and income for our citizens and to build the tax base for the City. In 2005 the first full-time economic development manager for the City was hired. In March of 2006, after much comment from our citizens and thoughtful work by our Economic Development Authority, the Council adopted the City's first Economic Development Strategic Plan. The plan includes a Business Appreciation Program, ideas for economic development incentives, and recognizes tourism as the major driver of our economy by supporting promotion and marketing of this destination. It also acknowledges the benefits of diversifying the economy through promoting the arts, and potential spin-offs from the research and development on-going at The College of William and Mary, The Colonial Williamsburg Foundation, and the National Center for State Courts.

There are also major new development new projects underway in the city. They include the High Street mixed use project on Richmond and Ironbound Roads. This \$200 million investment by Roseland Property Company could yield over \$2 million in additional tax revenues annually when fully built out. Another major mixed use development is Riverside Hospital's Quarterpath project, which hopefully will bring a second hospital to the community as well as other new businesses. Finally, the reuse of the hospital site as William and Mary's School of Education will add vibrancy to the Monticello corridor.

Beyond these new projects, we must look to redevelopment as a critical part of maintaining and building our economy, as well as enhancing the all important character of our community. We have an excellent example to hold up as a standard of what redevelopment can accomplish in terms of quality and the real promise of long term impact in the recently completed renovation of the Colonial Williamsburg Lodge.

There are numerous other examples of redevelopment and renovation projects occurring in many places in the City. The complicated reconstruction of a key segment of our region's oldest commercial corridor, Richmond Road has just been completed. Along that corridor are several other recent projects: Westgate timeshares; a new Walgreens and Chesapeake Bank expansion, both currently under construction; Yankee Candle, and new restaurants. On the Capital Landing Road corridor is the just opened Hampton Inn, Alexander Commons office complex and Spring Arbor assisted living facility. The Second Street area has the completed Patriot Chevrolet expansion, the future BlueGreen Timeshares project, and Second Street Restaurant now undergoing renovation. In the center of the City is the Health Evaluation Center and the DeWitt Wallace and Abby Aldrich Rockefeller museums expansion.

Additionally, 35 new street trees were planted just last week along the newly reconstructed Richmond Road, improved signs marking the entrance into the City are in place, a regional wayfinding system has been developed and signs installed, unsightly guardrails are being replaced, and architectural standards for corridors have been carefully reviewed and revised through the work of the ARB, the

Planning Commission, a special task force and much citizen comment. All of these steps have the same goal of creating the most beautiful and welcoming environment that we are able to provide. Some of these projects address more the look and feel of the community and maintaining our special character, others have a direct economic impact. We are witnessing a business and commercial transformation of the city that is driven by both public and private investments. The City's part is in infrastructure improvements and incentives such as road, underground wiring, sidewalk, landscaping, parking facilities and utility up grade projects, to name a few. Private investment is expanding and renovating existing business, as well as bringing new business opportunities. We should not fail to note that Colonial Williamsburg's \$200 million investment over the past several years in renovations and expansions have been a very significant part of the long-term improvements we are seeing. The College of William and Mary is also engaged in a multi-million dollar building program to ensure that its facilities are able to keep that excellent and respected institution competitive. These investments are an essential part of the City's long-term success.

I have spent a fair amount of time talking about the financial position of the City, about the economy, about development and redevelopment of commercial areas and our two major institutions. Now we shift to what one urban affairs writer has called the true economy of cities and that is the comfort and safety of its people. Several months ago as the Council embarked upon its goals setting process we held a very valuable town hall meeting at here in the Community Building. Citizens were asked to express their ideas for city improvements and their thoughts about

priorities. Overwhelmingly, the people who participated told us that they believe that protecting and preserving the city's residential neighborhoods is the most urgent and most important job facing this community. And I can confirm for you that this City Council and City Administration is determined to do that. Strong neighborhoods all over the City make this a strong and vibrant community. However, we also know that there are different issues and different conditions in different neighborhoods, so our approach has many parts and fundamentally is based on working in close cooperation with the people who live in the individual neighborhoods.

The rental inspection program instituted several years ago is now old news, but it is worth noting that it has been very successful in working to preserving housing stock and ensuring that it is safe. In neighborhoods close to the College ideas have been explored to maintain a balance of owner occupied dwellings and rental properties. The City will continue in this dialogue and take all appropriate measures to help achieve this goal, not to eliminate rental housing but to ensure a healthy mix of residents. Other city-wide neighborhood preservation strategies include a continual emphasis on property maintenance, communicating available services through the Neighborhood Guide, working with individual neighborhood groups on speed, cut-through traffic, and parking enforcement as well as continuing to grow the very successful Neighborhood Response Team program that connects neighbors to neighbors in very supportive and practical ways. The name Williamsburg has long been associated with pioneering work in historic preservation. Today our Architectural Review Guidelines and board ensure that

this emphasis continues in our neighborhoods as well as along our entrance corridors.

I am proud that this City has joined with the Williamsburg Redevelopment and Housing Authority to renovate the Braxton Court neighborhood, a project that is underway. I am also proud that we have supported them in individual efforts to renovate homes, construct new ones in several neighborhoods around the City. In so doing we add to the afford housing stock and increase home ownership opportunities. Perhaps the greatest success of this partnership with the Housing Authority to date is the Strawberry Plains project, where together we set out to create a new city neighborhood combining rehabilitation and new construction to create affordable homeownership opportunities that has benefited 133 people. The residents of this neighborhood have a range of incomes; they are diverse by age and by race. Among those able to purchase homes were six families that were previously in subsidized housing, 5 school teachers, 2 fire fighters, and 4 police officers as well as other area workers. It is a remarkable success story.

The City's partnership with the Redevelopment and Housing Authority seeks to address some of the housing issues in our community. However this is a complex issue without one solution or just one course of action. Work force housing, for example, must address the needs of the moderate income labor force in our service based economy. As a community we need to deal with the issues of proper housing for foreign workers who support the seasonal nature of this economy. And as a college community we need to ensure that there is adequate and safe housing for students. Many of these are issues that reach across geographic boundaries and that

is why the City is joining with James City County in a Regional Housing Market Study to gather solid base-line data from which to create solutions.

In other areas of City government and City services there are initiatives that keep us moving toward a city that is ever more beautiful, safe, and livable. In the public safety area we are constructing a much needed Emergency Operations Center at the Fire House and have created a new Emergency Shelter at Quarterpath. In the area of recreation and culture Kiwanis Park is scheduled for an upgrade, and the brand new Redoubt Park will add to our recreational as well as historical assets in the City when it is complete in 2007. The regional arts map is now a reality, a Great City Walks brochure is in the works, and we are very excited about the possibilities of working successfully with This Century Gallery to establish a community arts center at Paper Mill Creek.

Partnerships and cooperation are an important part of the culture of the City of Williamsburg. First and foremost is the partnership between the city and its residents. Among the most valuable of the communication vehicles that exist in the City is the Neighborhood Council of Williamsburg, an organization started just 6 years ago and now a real force in the City. At its monthly meetings and in between the Neighborhood Council fosters the exchange of information and serious problem solving. It is also important that there be dialogue with City businesses, something that has grown in the past year with our new department of Economic Development, and it is critical that the City have a meaningful relationship with the Colonial Williamsburg Foundation and the College of William and Mary. Among and between these organizations as well as among citizen groups, discussions of the

challenges and issues that face this community need to be aired and move toward resolution: issues such as support for tourism promotion; availability and location of student housing; student oriented businesses, and more.

Partnerships, however, go further than the City limits. A big step forward was taken recently when the three localities in the Historic Triangle agreed to coordinate the updates of their independent Comprehensive Plans, thanks to the work of the Regional Issues Committee. Williamsburg James City and York counties have also joined the Destination Marketing effort and all are very involved in the work to make Jamestown 2007 a success that will bring results for years to come. Beyond land use planning and tourism marketing however, topics such as future water supply, environmental issues, workforce development, transportation, and homelessness, clearly need to be addressed on wider regional forums and organizations on the Peninsula and in Hampton Roads such as the Planning District Commission, and the Economic Development Alliance. Williamsburg has long been an advocate of regional cooperation and a participant in the major regional groups.

The City has long-standing and particularly important relationship with James City County. We share schools, courts, libraries and other services to the mutual benefit of the citizens of both localities. As we look to the immediate future, surely the most pressing of these is the joint school system, for we are engaged in the negotiation of a new five year funding contract. In my opinion, this joint school system has served both localities very well. The question to be determined is if it can continue to do so, long term into the future. I began this talk with some statistics about the size of Williamsburg, and the comparative growth rates of the

surrounding counties. That growth translates into a rapid growth of school children. James City County students grew by 28.3% since 2000 while Williamsburg's grew 4.1%. With a school funding formula that has Williamsburg paying a percentage of the total operating budget for the schools, plus a premium, this growth driving larger and larger increases in the budget each year threatens in the not too distant future to out pace the City's ability to pay. It is a critical issue for the long term joint system and will need careful monitoring and discussion as we move forward.

I began this talk recognizing the small size of the population and land base of the City of Williamsburg. I want to end on that point as well. Our size is a tremendous asset. Our neighbors know each other, our city staff including Human Services and Public Safety people know our citizens. Our citizens know their elected representatives and how to reach them. All of this enables us to provide high level and individualized service to people aging in their homes, to low income families including those headed by single parents, to our youth, and our school children. It enables a quick response to citizen concerns from the excellent city staff and it encourages citizens to be engaged.

Williamsburg is a special and distinctive place but it has not become that way by accident and will not remain that way without all of our involvement. Thank you for being here.